to mitigate hardships that may be caused to pupils whose guardians may be transferred from one school area to another where the books used are different?

MR. R. M. STATHAM (*Director of Public Instruction*): None.

Issue of loans from the Land Mortgage Bank.

172. *MR. K. A. NARAYANA PILLAI (*Todupuzha* cum *Devicolam*): Will the Government be pleased to state:—

(*a*) whether they have objected to the Land Mortgage Bank advancing loans to clear agricultural loans and loans due to the Central Co-operative Bank, Limited, No. 1, on property security; and

(*b*) if so, what are the reasons for so doing?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): (*a*) and (*b*) The answer is in the negative.

The Board of Management of the Land Mortgage Bank are not, however, granting loans for the discharge of—

1. Agricultural loans, as it is not desirable to grant a loan from Government to discharge another loan granted by Government for a specific purpose; and

2. Loans from the Central Co-operative Bank Ltd., No. 1, Trivandrum, since the properties on which the debts are charged are transferred to the Co-operative Bank on usufructuary mortgage and as such the applicants are not in possession of the property as required in Rule 22 (Land Mortgage Bank Rules) except as lessees of the Bank.

MR. K. A. NARAYANA PILLAI (*Todupuzha* cum *De icolam*): May I know the reasons for not granting loans from the Land Mortgage Bank to clear off debts due to the Central Co-operative Bank, Trivandrum?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): The Central Co-operative Bank grants loans on the security of immovable property only when the possession of the properties concerned is passed on to the Bank by means of a mortgage deed in its favour, so much so that the borrower from the Central Co-operative Bank ceases to have legal possession of the properties offered as security But according to the rules of the Land Mortgage Bank, the properties offered as security must be in the legal and actual possession of the applicant for the loan.

MR. K. A. NARAYANA PILLAI (*Todupuzha* cum *Devicolam*): Does the member know that, simultaneously with the granting of a loan to clear off the debt due to the Central Co-operative Bank, that Bank will give a release so far as the properties mortgaged to them are concerned?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): I stated already, the rules of the Land Mortgage Bank require that the applicant for a loan must have the property offered as security in his possession at the time of the application.

MR. K. A. NARAYANA PILLAI (*Todupuzha* cum *Devicolam*): May I draw the attention of the member to he fact that such debtors to the

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[Mr. K. A. Narayana Pillai.]

Central Co-operative Bank hold leases of their property from the Bank and, as such, are in possession of the property concerned?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): According to the nature of the documents executed in favour of the Central Co-operative Bank, the possession is with the Bank. The borrowers hold the property from the Bank only as lease-holders.

MR. K. A. NARAYANA PILLAI (*Todupuzha* cum *Devicolam*): Can the Bank make improvements on the property as the body in possession?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): It will depend on the exact nature of the particular document executed.

MR. K. A. NARAYANA PILLAI (*Todupuzha* cum *Devicolam*): Has the member seen any such document?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Yes.

MR. K. A. NARAYANA PILLAI (*Todupuzha* cum *Devicolam*): Has he come across any document under which the Bank has the right to make improvements?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): I do not remember at present.

MR. K. A. NARAYANA PILLAI (*Todupuzha* cum *Devicolam*): Do the Government have any objection to loans being granted from the Land Mortgage Bank to clear off debts due to the Central Co-operative Bank?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): As already stated, the rules of the Land Mortgage Bank insist on the applicant for loan being in possession of the property offered as security, while the Central Co-operative Bank advances loans only on the security of property over which usufructuary mortgage has been executed in its favour. The grant of a loan from the State Land Mortgage Bank for the discharge of a prior encumbrance in favour of the Central Co-operative Bank is thus incompatible with the rules of the Land Mortgage Bank.

MR. K. A. NARAYANA PILLAI (*Todupuzha* cum *Devicolam*): Does the member know that the period of loans is smaller in the Central Co-operative Bank than in the Land Mortgage Bank, and the rate of interest higher?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Yes.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): Will the Government be pleased to consider the question of amending the rules of the Land Mortgage Bank so that loans may be advanced even on property which are subject to usufructuary mortgages?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Government do not think it advisable to grant loans on the security of properties which are already subject to a usufructuary mortgage.

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MR. A. S. DAMODARAN ASAN (*Mavelikara*): May I know whether persons who have parted with the possession of their property for the purpose of borrowing money will be granted loans from the Land Mortgage Bank?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): No.

MR. A. S. DAMODARAN ASAN (*Mavelikara*) Will that question be considered?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): I have already answered that question.

PRESIDENT: That question of Mr. Asan relates to future action.

MR. T. K. VELU PILLAI (*Trivandrum—Urban*): May I know whether any interest is paid by mortgagers to mortgagees in possession of the property under mortgage?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Not ordinarily.

MR. R. SAMBASIVA AIYAR (*Kunnatnad II*): May I ask whether the mortgager who takes back the mortgaged property on lease is not in possession of the property, though as lessee? Therefore, should not the Land Mortgage Bank advance loans to such persons?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): I have already answered that question. The mortgager holds the property only on lease-hold tenure so far as possession is concerned.

MR. R. SAMBASIVA AIYAR (*Kunnatnad II*): May I ask why loans should not be advanced in cases where the creditor also is willing to give a release of all his rights over the property?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): In such cases, the creditor and the debtor should put in a joint application for loan.

MR. R. SAMBASIVA AIYAR (*Kunnatnad II*): May I take it then that loans will be granted on such joint applications?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): The rules of the Land Mortgage Bank have to be amended suitably.

MR. R. SAMBASIVA AIYAR (*Kunnatnad I*): May I take it then that the necessary amendment will be made?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): I cannot give a definite answer to that question on the spur of the moment.

MR. PUTHUPALLI S. KRISHNA PILLAI (*Quilon II*): Is it not the rule, under the Land Mortgage Bank Rules, that the money advanced must be paid direct to the creditor?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Yes.

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MR. PUTHUPALLI S. KRISHNA PILLAI (*Quilon II*): Then, may I know where is the difficulty in advancing loans for redeeming debts due to the Central Co-operative Bank?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): The rules of the Land Mortgage Bank specifically provide that the applicant for loan must, at the time of the application, be in possession of the property offered as security. The question of the payment of the money advanced arises only after the loan is granted.

MR. PUTHUPALLI S. KRISHNA PILLAI (*Quilon II*): Has not the mortgager the right to mortgage his equity of redemption?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): The Land Mortgage Bank is not advancing money on the security of *jenmom* or equity of redemption rights. I may also say, in this connection, that it is the intention of the Government that the Land Mortgage Bank should not be a rival institution to the Central Co-operative Bank.

MR PUTHUPALLI S. KRISHNA PILLAI (*Quilon II*): What is the rate of interest charged by the Central Co-operative Bank?

MR. R. NILAKANTA PILLI (*Financial Secretary to Government*): Generally 8¾ per cent.

MR. PUTHUPALLI S. KRISHNA PILLAI (*Quilon II*): What is the rate of interest charged by the Land Mortgage Bank?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): 7½ per cent. till the end of Karkatakam 1109 and 6½ per cent. from 1st Chingom 1110.

Conversion of the Todupuzha Munsiff's Court into a Munsiff-Magistrate's Court.

173. *MR. K. A. NARAYANA PILLAI (*Todupuzha* cum *Devicolam*): Will the Government be pleased to state:

(*a*) whether the High Court has recommended the conversion of the Todupuzha Munsiff's Court into a Munsiff-Magistrate's Court; and

(*b*) if so, what has become of the recommendation?

RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*): (*a*) Yes: the proposal was made on the ground that there was not sufficient work for a full-time Munsiff at Todupuzha.

(*b*) The views of the High Court have been invited as to whether the work of the Todupuzha Munsiff could not be sufficiently increased by raising his pecuniary jurisdiction up to Rs. 5,000.

MR. K. A. NARAYANA PILLAI (*Todupuzha* cum *Devicolam*): Have the Government received any reply from the High Court?

RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*): Not yet.

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